



Rhode Island Department of Health
Hospital Conversions/Mergers Program
Three Capitol Hill, Room 404
Providence, RI 02908-5097
Phone: (401) 222-2788
www.health.state.ri.us/hospitals/about/mergers



Rhode Island Department of Attorney General
Office of Health Care Advocate
150 South Main Street
Providence, RI 02903-2907
Phone: 401-274-4400
www.riag.state.ri.us/civil/healthcare/conversions.php

INITIAL APPLICATION
(Pursuant to R.I. Gen. Laws § 23-17.14-6)
Instructions

Format:

Each and every hospital that is a Transacting Party or an affiliate of a Transacting Party, shall provide complete responses to each question. Two (2) copies of the Initial Application (one (1) copy shall be in an electronic format acceptable to the Department of Health and the Department of Attorney General and one (1) copy shall be in 3 ring binders with a spine label setting forth the volume number and the range of the sequential unique identifier and tab for each question) are to be submitted. For both the electronic formatted version and the hard copy of the Initial Application, each page submitted as part of the Initial Application shall be labeled with a sequential unique identifier, such as the Bates system, beginning with the first number matching the question. For example, the response to Question 13 would provide a unique identifier beginning with 13- followed by the page number. In addition, a complete index of pages of the Initial Application, setting forth the unique identifier for each page and a description of the document shall be provided. Responses to each question shall begin on a page separate from the prior response.

References to the other responses contained in the Initial Application shall be accepted. Attachments must be listed under an individual tab at the end of the application form. Applications should not include the instruction pages or appendices not applicable to the proposal.

All information submitted as part of the Initial Application shall be public except for information determined to be confidential pursuant to R.I. Gen. Laws §§ 23-17.14-6 (31) and 23-17.14-6 (c). If the Transacting Parties seek a determination by the Attorney General that any information submitted as part of the Initial Application should be deemed confidential and/or proprietary or otherwise required by law to be maintained as confidential, the Transacting Parties shall submit such information, in a separate package clearly labeled "Request for Confidentiality." For both the

electronic version and the hard copy, the Transacting Parties shall submit the request(s) for a determination that the information is confidential including the legal citation and/or explanation for the reason that the information should be deemed confidential. One (1) copy of the information shall be clearly marked as confidential on the top and contain the redactions that the Transacting Parties seek to be deemed confidential by using a black marker to strike those words/section, and one (1) copy of the information shall be clearly marked as confidential on the top in an unredacted version of the identical document.

The Transacting Parties shall update and/or supplement responses up and until the time of closing of the proposed conversion.

Review for acceptability:

Within 30 calendar days after the receipt of the Initial Application, the Department of Health and the Department of Attorney General shall jointly advise the applicants, in writing, whether the application is complete. If the Initial Application is not complete, the Department of Health and the Department of Attorney General shall specify all additional information that the applicants are required to provide to complete the Initial Application. The applicants are required to submit the additional information within 30 working days. Within 10 working days of the receipt of the additional information, the Department of Health and the Department of Attorney General shall determine the acceptability of the additional information. If the additional information is not submitted by the applicants within 30 working days, or if the Department of Health and the Department of Attorney General determine the additional information submitted by the applicants is insufficient, the application will be rejected, without prejudice, to the applicants' right to resubmit. A rejection will be accompanied by a detailed written explanation of the reasons for rejection. If the Department of Health and the Department of Attorney General determine the additional information requested is sufficient, the applicants will be notified, in writing, of the date acceptance of the application.

Timeline:

The Department of Attorney General and Department of Health shall each approve, approve with conditions directly related to the proposed conversion, or disapprove the application within 180 calendar days of the date of acceptance of the application.

Definitions:

Words and terms used in these instructions that are defined by the Hospital Conversions Act, R.I. Gen. Laws § 23-17.14-4, *et seq.*, shall have the meaning contained in the Hospital Conversions Act.

The term "document," as used herein, includes, but is not limited to, the following items, whether created, printed or recorded or reproduced by any other mechanical or electronic process, or written or produced by hand and/or any electronic device, and whether sent or received or neither; namely, contracts, agreements and understandings, communications, including intracompany communications, memoranda, statements, handwritten or other types of notes, correspondence,

telegrams, notices, books, diaries, forecasts, financials, statistical statements, ledgers, journals, books or records of account, desk calendars and appointment books.

The term “Effective Date” shall mean the date upon which the proposed conversion will become effective.

The word “or” as used herein, means and/or. Whenever a request asks to “describe” a fact, event, or item, or any variation thereof, please provide a detailed description of the fact, event or item requested.

Whenever a request asks to “identify” a fact, event or item, or any variation thereof, designate the fact, event or item and provide such descriptive information so as to enable the fact, etc. to be ascertained.

When appropriate in this Initial Application, the singular form shall be interpreted as plural and vice versa, and the present tense includes the past tense and vice versa, and the neuter includes the masculine and feminine.

Reports, use of experts, costs:

The Department of Attorney General and Department of Health may engage experts or consultants including, but not limited to, actuaries, investment bankers, accountants, attorneys, or industry analysts. All copies of reports prepared by experts and consultants, and costs associated therewith, shall be made available to the Transacting Parties and to the public.¹ All costs incurred under this provision shall be the responsibility of one (1) or more of the Transacting Parties in an amount to be determined by the Attorney General or the Director, as he/she deems appropriate. No Initial Application for a conversion shall be considered complete unless an agreement has been executed with the Director and the Attorney General for the payment of costs, pursuant to R.I. Gen. Laws §§ 23-1-53 and 23-17.14 , *et seq.*

¹ If any recitation in a report contains information that is confidential by law or Court order, it may be redacted.

HOSPITAL CONVERSION APPLICATION

Please provide the following information (please replicate as needed):

Name of Transacting Parties:
Date Application Submitted:
Date of Agreement Execution with the Director for Payment of Costs*:
Date of Agreement Execution with the Attorney General for Payment of Costs*:

* Please provide copies of the responsive documents.

**All questions concerning this application should be directed to:
Office of Health Care Advocate (401) 274-4400**

CERTIFICATION

Please provide the attestation/verification for each of the Transacting Parties and licensed hospital affiliates. (Please replicate as needed):

I hereby certify that the information contained in this application is complete, accurate and true.

Signed by the President or Chief Executive Officer

Entity

Subscribed and sworn to before me on this ____ day of _____ 20__.

Notary Public
My Commission Expires:

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APPENDIX A

APPENDIX B

APPENDIX C

A. OVERVIEW

1. Please provide an executive summary of the proposed conversion which shall include (a) discussion of the timing, cost, source of funds, etc. of the individual elements that will occur as a result of the proposed conversion (including real estate sales, development of new services and/or facilities, etc.) and (b) identify and quantify benefits to the community from the conversion (that could not be effectuated by other means except for the conversion), starting with the Effective Date, running 10 years forward, and provide all supporting documentation.
2. Contact information of President or CEO of each Transacting Party (Please replicate as needed):

Name:	Telephone:	
Address:	State:	Zip:
E-mail:	Fax	

3. Name, title, address, phone, fax and e-mail of one contact person for each Transacting Party for this application process (only if different from the President/CEO in Question 2)(Please replicate as needed):

Name:	Telephone:	
Address:	State:	Zip:
E-Mail:	Fax:	

B. EXISTING AFFILIATE HOSPITALS OF THE TRANSACTING PARTIES:

4. For each existing affiliate hospital of the Transacting Parties, please provide the following information (Please replicate as needed):

Name of Facility:	License #:	
Address:	State:	Zip:
Telephone:		
Type of Ownership: ___Individual ___Partnership ___Corporation ___LLC		
Tax Status: ___For-profit ___Non-Profit		

5. Please identify any changes that will occur in the information provided in response to Question 4 as a result of the implementation of the conversion.

6. Estimate the date for the implementation of the proposed conversion, if approved:

Month/Year: _____

C. CORPORATE

7. With regard to the officers, members of the boards of directors, trustees, executives, and senior level managers of each of the Transacting Parties and their affiliates, please provide the following for the past 3 years: (a) name; (b) address; (c) phone number; (d) occupation; and (e) tenure. Provide the names and addresses of the members of the board of directors after the conversion of the Transacting Parties and their affiliates, identifying any additional members or removal of members.

8. Please provide a list of all current committees, subcommittees, task forces, or similar entities of the board of directors or trustees. With regard to each please include:

(a) a short description of the purpose of each committee; and

(b) the name, address, phone number, occupation and tenure of each current committee member.

9. Please provide agenda, meeting packages, and minutes of all meetings of the board of directors or trustees and any of its committees, subcommittees, task forces, or similar entities that occurred within the 2 year period prior to submission of the application (beginning with January 1) to the present in identifiable format.

10. Please provide each of the following applicable documents and amendments for each of the Transacting Parties and proposed new hospital(s):

(a) Certificate and Articles of Incorporation and By-laws (for corporation)

(b) Certificate of Partnership and Partnership Agreement (for partnerships)

(c) Certificates of Organization and Operating Agreement (for limited liability companies)

(d) Board adopted mission and charter

If any of the above documents are proposed to be revised or modified in any way as a result of the proposed conversion, include the proposed revisions or modifications to them.

11. Please provide the name and mailing address of all licensed facilities in which the for-profit corporation maintains an ownership interest or controlling interest or operating authority.

12. Please provide organizational structure charts for the existing and post conversion Transacting Parties and each partner, affiliate, parent, subsidiary or related corporate entity including the percentage of ownership interest among and between all such entities.
13. Please provide a description of criteria established by the board of directors of the existing hospital for pursuing a proposed conversion with one or more health care providers.
14. Please provide a description of request(s) for proposals issued by the existing hospital(s) relating to pursuing a proposed conversion.
15. Please provide current, signed original conflict of interest forms from all incumbent or recently incumbent officers, directors, members of the board, trustees, senior management, chairpersons or department chairpersons and medical directors on a form acceptable to the Attorney General (“incumbent or recently incumbent” means those individuals holding the position at the time the application is submitted and any individual who held a similar position within one year prior to the application’s acceptance).
16. Please provide conflict of interest statements, policies and procedures.
17. Please provide the draft Closing Memorandum, including, but not limited to, certification, exhibits, and/or schedules required for the closing documents and/or other closing documents. As any changes are made, the parties are required to update this response. Within 7 calendar days of signing the Closing Memorandum, the parties are required to provide a signed copy, including, but not limited to certification, exhibits and/or schedules or other documents required for the closing.
18. Please provide the binding transaction documents, such as an asset purchase/ transfer agreement, affiliation agreement and/or memorandum of understanding and all exhibits and schedules (including any updates or supplements).
19. Please provide a copy of the Transacting Parties’ affiliated hospital’s Credentialing Committee Guidelines, Policies and/or Procedures, including any contemplated changes thereto. Please describe any arrangements for cross-privileging of medical staff affiliated with either of the Transacting Parties and their affiliates before and after the proposed conversion.
20. Please provide a copy of the Hart-Scott-Rodino filing with the Federal Trade Commission and the United States Department of Justice related to the proposed conversion and the final determination by Federal Trade Commission or the United States Department of Justice concerning this filing.
21. Please identify all government permits, licenses, or other approvals necessary to implement the proposed conversion and the status thereof.
22. Please provide a list of pending or adjudicated citations, violations or charges against the Transacting Parties and their affiliates brought by any governmental agency or accrediting agency within the past 3 years and the status or disposition of each.

23. Please provide a description of any current or impending litigation and/or investigations by foreign, federal, state or municipal boards or governments, administrative agencies against each Transacting Party and its affiliates. For each claim, include the nature, an estimate of the amount, the status, and whether it is covered by any applicable insurance.
24. Please provide a list of insurance contracts in full force and effect for each Transacting Party and their affiliates, including professional, directors and officers and comprehensive general liability, including coverage limits, purpose of insurance, and duty of coverage, both currently and post conversion. Please provide detailed information concerning any and all coverage provided by self-insured funds and/or captive insurance companies to provide coverage for risks, including but not limited to the amount of the self-insurance fund, claims paid, or claims pending.
25. Please provide a copy or description of all agreements executed or anticipated to be executed by any of the Transacting Parties in connection with the proposed conversion.
26. Please provide copies of reports of any due diligence review performed by each Transacting Party in relation to the proposed conversion. These reports are to be held by the Attorney General and Department of Health as confidential and not released to the public regardless of any determination made pursuant to R.I. Gen. Laws § 23-17.14-32 and notwithstanding any other provision of the general laws. Please include a description of the plans for ongoing due diligence efforts by the Transacting Parties and their affiliates throughout the proposed conversion review and other regulatory reviews, up to and including the Effective Date.
27. Please provide copies of reports analyzing affiliations, mergers, or other similar transactions considered by any of the Transacting Parties during the past 3 years, including but not limited to, reports by appraisers, accountants, investment bankers, actuaries, other experts, and any committee investigating the proposed conversion and any and all recommendations from the committee to the board of directors for each of the Transacting Parties and each of its affiliates.

D. CHARITABLE ASSETS

28. Please provide copies of all documents related to:
 - (a) Identification of all charitable assets;
 - (b) Accounting of all charitable assets for the past 3 years; and
 - (c) Distribution of the charitable assets including, but not limited to, endowments, restricted, unrestricted and specific purpose funds as each relates to the proposed transaction.
29. Please provide copies of documents or descriptions of any proposed plan for any entity to be created for charitable assets, including but not limited to, endowments, restricted, unrestricted and specific purpose funds, the proposed articles of incorporation, by-laws, mission statement, program agenda, method of appointment of board members, qualifications of board members, duties of board members, and conflict of interest policies.

30. Please provide the following information regarding all donor restricted gifts received by the Transacting Parties and their affiliates and attach copies of any legal documents that created each gift:

Date of Gift	Name of Gift/ Instrument	Restriction(s)	Value of Gift at time of Gift	Current Value of Gift

31. Please provide a *Cy Pres* Petition for the proposed conversion(s) of affiliate hospitals, other affiliate 501(c)(3) entities, and all that will be affected by the proposed conversion.

E. CHARITY CARE

32. Please provide the following information:

- (a) A list of uncompensated care provided over the past 3 years by each facility which the for-profit corporation maintains an interest ownership or controlling interest or operating authority and a description as to how that amount was calculated;
- (b) A description of charity care and uncompensated care provided by the existing hospital(s) for the previous 5 year period to the present, including a dollar amount and a description of services provided to patients;
- (c) A description of bad debt incurred by the existing hospital(s) for the previous 5 years for which payment was anticipated but not received; and
- (d) Identify the reasons for any discrepancies between responses to sections (a) through (c) above, if any.

33. Please provide a description of the plan as to how the Transacting Parties and their affiliates will provide community benefit and charity care during the first 5 years of operation after the proposed transaction is completed.

34. Please provide a description of how the Transacting Parties and their affiliates will monitor and value charity care services and community benefit after the proposed transaction is completed.

F. COMPENSATION

35. Please provide the names of persons currently holding a position as an officer, director, board member, or senior level manager who will or will not maintain any position with the new hospital and whether any said person will receive any salary, severance, stock offering or any financial gain, current or deferred, as a result of or in relation to the proposed conversion, including but not limited to, the individual's job description, employment or other contract or agreement to provide services under this corporate title, and total compensation, including, but

not limited to, salary, benefits, expense accounts, membership, 401K, retirement plans, contribution agreements, benefit agreements and any other financial distributions of any kind, including deferred payments or compensation.

36. Please provide a copy or description of all agreements or proposed agreements reflecting any current and/or future employment or compensated relationship between the acquiror (or any related entity) and any officer, director, board member, or senior level manager of the acquiree (or any related entity). Included in this response, please also provide a schedule that clearly demonstrates the historical compensation for the prior 3 years for these individuals as well as the projected compensation extending out 2 years with and without the proposed transaction being approved and/or completed.
37. Please provide any and all documents referring to agreements reflecting the salary, bonus and all other compensation, including but not limited to, those documents filed with the Securities and Exchange Commission, Internal Revenue Service and/or any other governmental entity (but not including the individuals' federal or state income tax-returns), expense account, transportation subsidy, cafeteria plan, deferred compensation, pension plan, and retirement plan of the 25 highest compensated employees of each of the Transacting Parties and each of their affiliates as of the time of submission.
38. Please provide any and all severance packages, contracts or any other documents relating to same, given, negotiated or renegotiated with any employee or former employee of the Transacting Parties and their affiliates for the prior 4 years from the date of the application through the present. Please include in your response any agreements to provide consulting services and/or covenants to not compete following completion of the proposed conversion as well as the existing ERISA benefit plan and severance agreements or arrangements.
39. Please provide a copy of proposed contracts or description of proposed arrangements with management, board members, officers, or directors of the existing hospital for severance, consulting services or covenants not to compete following completion of the proposed conversion.
40. Please provide an itemization of all loans outstanding and their current balances, given, and/or forgiven in the last 5 years to any executive, employee or consultant of the Transacting Parties and/or their affiliates, including the terms of such loan.
41. Please provide a copy of the resignations of any directors and officers of each of the Transacting Parties and/or their affiliates related to the conversion within one year prior to submission.
42. Please provide any and all documents, agreements, contracts or the like, formal or informal, reflecting any current and/or potential employment or compensated relationship for senior management among or between the Transacting Parties and/or their affiliates.

G. FINANCIAL

43. Please provide copies of audited income statements, balance sheets, other financial statements, and management and discussion letters for the past 3 years, audited interim financial statements and income statements, together with a detailed description of the financing structure of the

proposed conversion including equity contribution, debt restructuring, stock issuance, partnership interests, stock offerings and the like, and unaudited financial statements (where audited financial statements are unavailable), including:

- (a) Any and all assessments, reports or evaluations, financial or otherwise, of the Transacting Parties and/or their affiliates performed in anticipation of any proposed affiliation, purchase, merger, or other such transaction for the prior 3 fiscal years, by whomever prepared (internal or external experts or consultants, or in combination), including, but not limited to, analyses of financial strengths, weaknesses and/or viability;

- (b) Indicate the financing mix for the capital cost of this proposal:

Source	Amount	Percent	Interest Rate	Terms (Yrs.)
Equity*	\$	%		
Debt**	\$	%	%	
Lease**	\$	%	%	
TOTAL	\$	100%		

*Equity means non-debt funds contributed towards the capital cost of an acquisition or project that are free and clear of any repayment obligation or liens against assets, and that result in a like reduction in the portion of the capital cost that is required to be financed or mortgaged (R23-15-CON).

** If debt and/or lease financing is indicated, please complete **Appendix C**.

- (c) Estimated post-closing balance sheets, including estimated liabilities and contingent liabilities and scope thereof, for each Transacting Party and all affiliate entities;
- (d) A list of Transacting Parties and their affiliates' substantial capital needs, including, the following information:

Capital Needs	Source of Funding for Capital Needs	Cost of Satisfying Capital Needs	Date of Projected Completion

- (e) A summary schedule of cash receipts and disbursements, including source(s) of cash, payee(s) and reason(s) for disbursement(s), for the prior 3 fiscal years for the Transacting Parties and all affiliate entities;

- (f) The following budget information for each Transacting Party and its affiliates:
 - (i) Any and all proposed budgets for the next 3 fiscal years;
 - (ii) Budgets, including comparisons to actuals, for the most recently completed fiscal year;
 - (iii) Budgets, including comparisons to actuals, for the current year-to date; and
 - (iv) A proforma for the Transacting Parties and all affiliate entities, projecting out 5 years after the conclusion of the transaction; and
 - (g) Please provide copies of capital and operating budgets or other financial projections for the new hospital(s) during the first 3 years of operation.
44. Please provide a detailed description of real estate issues including title reports for land owned and lease agreements concerning the proposed conversion for all properties owned, leased, operated, or used by each Transacting Party and its affiliates within the last 3 years, including:
- (a) The address for each property;
 - (b) All lease agreements concerning the proposed conversion; and
 - (c) Any and all documents related to the proposed sale or development of property owned by the Transacting Parties and/or their affiliates, including but not limited to, strategic utilization plans of real estate of each of the Transacting Parties and/or their affiliates, real estate appraisals, encumbrances, business plans, strategic planning, and endowment planning (including a quantification of any current endowments of each such Transacting Party or their affiliate).
45. Please provide a detailed description as each relates to the proposed transaction for equipment leases, insurance, regulatory compliance, tax status, pending litigation or pending regulatory citations, pension plan descriptions and employee benefits, environmental reports, assessments and organizational goals.
46. Please provide copies of IRS Form 990 for any Transacting Party and its affiliates required by federal law to file such a form for each of the 5 years prior to the submission of the application.
47. Please provide a description and quantification of the outstanding debts of acquiree and/or their affiliates, both between and among acquiree and/or their affiliates, including, but not limited to:
- (a) The plans for disposition of each such debt if the proposed conversion is approved; and
 - (b) A list of any indebtedness acquiree and/or their affiliates could forgive, extinguish, or otherwise write-off for acquiree and/or their affiliates, including:
 - (i) The amount of the original debt;

- (ii) The amount that would be forgiven, extinguished or otherwise written-off; and
- (iii) For any such debts written off with the preceding 3 years, provide the amount forgiven, extinguished or otherwise written-off, the date of the write off, and the reason.

48. Please provide a complete plan for the Transacting Parties and/or their affiliates to pay their system capital expenditure allocation for capital expenditures consistent with the approved acquiror's and/or their affiliates system capital budget or budget including, the amount of the share, calculated share, and source of for the payment of that share.
49. Please provide a description by each Transacting Party and its affiliates with respect to Medicare and Medicaid programs, including but not limited to notice of de-certification, revocation, suspension or termination, or of threatened or potential re-certification, revocation, suspension or termination pending or resolved within past 3 years of submission.
50. Please complete the following chart for the previous 3 fiscal years and year to date.

Year	Total Endowment	Restricted	Unrestricted
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
Year to Date ____/____/____	\$	\$	\$

51. Please provide all agreements of the existing hospital(s) and/or their affiliated medical providers with third party payors.
52. If the acquiror is a for profit corporation that has acquired a not for profit hospital under the provisions of the Hospital Conversion Act, the application shall also include a complete statement of performance during the preceding one year with regard to the terms and conditions of approval of conversion and each projection, plan, or description submitted as part of the application for any conversion completed under an application submitted pursuant to the Hospital Conversion Act and made a part of an approval for the conversion pursuant to R.I. Gen. Law §§ 23-17.14-7 or 23-17.14-8.

H. PLANNING

53. Please address the following regarding market share to ensure a balanced health care delivery system to the residents of the state:

Tertiary or Specialty Care Services

- (a) Please identify all tertiary or specialty care services and the market share of the Transacting Parties and/or their affiliates in the state;
- (b) Please discuss the plans for changes to existing or development of any new tertiary or specialty care service in the state within 5 years after implementation of the conversion;
- (c) Please justify how the proposed conversion would contribute to a balanced health care delivery system to the residents of the state with regard to the impact of the conversion on the market share of tertiary or specialty care services of the Transacting Parties and/or their affiliates;

Service Area

- (d) Please identify which cities and/or town comprise the primary and secondary service area of the Transacting Parties and/or their affiliates in the state and represent that information on a map of the state. Please describe how these service areas were determined;
- (e) Please justify how the proposed conversion would contribute to a balanced health care delivery system to the residents of the state with regard to impact of the conversion on the market share of the service area of the Transacting Parties and/or their affiliates;

Licensed Bed and Utilization

- (f) Please identify the market share in the service area and state of both licensed and staffed beds of the Transacting Parties and/or their affiliates;
- (g) Please justify how the proposed conversion would contribute to a balanced health care delivery system to the residents of the state with regard to the impact of the conversion on the market share of the licensed and staffed beds of the Transacting Parties and/or their affiliates;

Impact on Other Providers

- (h) Please discuss the anticipated impact of the proposed conversion on the future viability of other providers of health services in the Transacting Parties and/or their affiliates' service area in the state and justify how the proposed conversion would contribute to a balanced health care delivery system to the residents of the state in consideration of its impact on other providers of health care services in the state;

- (i) Discuss in detail the anticipated impact, if any, on the market share of the acquiror and its affiliates, if the proposed conversion takes place, on each of the tertiary or specialty care services identified in (a) above; and
 - (j) Discuss in detail the appropriateness of the conversion based on the share of tertiary or specialty care services to ensure a balanced health care delivery system to the residents of the state.
54. Please provide copies of any opinions or memoranda addressing the state and federal tax consequences of the proposed conversion prepared for a Transacting Party by an attorney, accountant, or other expert.
55. Please provide a description of the manner in which the price was determined including which methods of valuation and what data were used, and the names and addresses of persons preparing the documents.
56. Please provide patient statistics for the past 3 years and patient projections for the next year including patient visits, admissions, emergency room visits, clinical visits, and visits to each department of the hospital, admissions to nursing care or visits by affiliated home health entities.
57. Please provide the following information regarding all plans to develop or change the existing services and/or develop new services and programs at the hospital(s) being converted relating to facilities improvements, renovation, or construction and attach any supporting documents:

Capital Improvement	Estimated Project Date	Step/Provision	Cost	Identify Source of Funding

58. Please provide any and all documents (including, but not limited to, letters, memoranda, reports, minutes, and the like) reflecting consideration of potential “partners” other than the Transacting Parties (including affiliations, mergers, acquisitions, purchases or the like) by the Transacting Parties for the full prior 3 calendar years up to the present, including, but not limited to, the following:
- (a) Any documents referring or relating to and/or reflecting identification of potential “partners”;
 - (b) A description of criteria established by the board of directors of the existing hospital(s) for pursuing a proposed conversion with one (1) or more health care providers;

- (c) Copies of reports analyzing affiliations, mergers, or other similar transactions considered by any of the Transacting Parties, including, but not limited to, reports by appraisers, accountants, investment bankers, actuaries and other experts;
 - (d) Any documents reflecting the advantages and/or disadvantages of any and all potential “partners”;
 - (e) Any documents referring or relating to and/or reflecting offers made to the Transacting Parties and/or their affiliates by potential “partners”;
 - (f) Any documents referring or relating to and/or reflecting discussions with any and all potential “partner(s)”;
 - (g) Copies of any and all proposals, bids presentations, correspondence, memoranda and/or other forms of communication to or from actual or potential strategic partners or acquirors of any interest in the Transacting Parties and/or its affiliates, including, but not limited to, preliminary, modified or superseded proposals, bids, presentations or communications relating thereto and responses to any said proposals or the like;
 - (h) Any proposals, or other presentation and discussion packet materials, both formal and informal, prepared for and/or provided by the Transacting Parties and their affiliate hospital or their consultants or advisors with respect to the proposed conversion;
 - (i) Copies of any opinions or memoranda addressing the state and federal tax consequences of the proposed conversion prepared for a Transacting Party or its’ affiliates by an attorney, accountant, or other expert, including whether the proposed conversion is proper under applicable federal and state tax code provisions; and
 - (j) A list of the transaction costs and expenses by appropriate accounting classification incurred to date or to be incurred by the Transacting Parties and their affiliate entities involved, with respect to the proposed conversion, including: an itemization of all consulting fees incurred by the Transacting Parties and/or their affiliates in connection with the proposed transaction, including vendor, dates of service, services(s) provided and cost(s) and projected additional amounts, through closing, by category and payee.
59. Please provide an Integration Plan for the proposed conversion. An Integration Plan should include the following key components at a minimum:
- (a) Financial/Business Plan: Please quantify the projected enhanced revenue versus the operational cost, capital cost and financing plan for the combined operations of the affiliated entities, including any management fees, etc. to be paid by the Transacting Parties and any of the affiliates as well as for each entity. These financial projections must include documentation of the expected operational, clinical and corporate cost reductions and efficiencies to be gained through the conversion. For example, is it anticipated that all of the current management staff will remain or will the plan require management consolidations? Projections must then be compared to the current baseline financial projection assuming the affiliation did not occur.

- (b) Feasibility Assessment: Please provide justification that the underlying assumptions supporting the financial/business plan for the resulting entities post transaction are reasonable. For example, what market share, rate increases, property sale/value, new research grants, utilization increases, changes in reimbursements from payors, financing capabilities, potential new services to be provided, etc. are assumed in the proposed revenue projections?
 - (c) Benefit to the Community: Please demonstrate the impact of each element of the integration plan on the community, specifically considering affordability. For example, will this plan require increases in fees to offset the required investments or other changes in medical services? In addition, the application must demonstrate the impact of each element of the Integration Plan on the community in terms of quality and access including, but not limited to, the following:
 - (i) Plans to improve access and provide benefits to the community in geographic areas to be served under the proposed affiliation;
 - (ii) Commitment to a primary care-based infrastructure and its design in comparison to NCQA's Medical Home standards; and
 - (iii) Determination of unmet needs of the population in geographic areas to be served, how the proposed conversion will address such unmet needs, and the improved community/population outcomes that are anticipated as a result.
 - (d) Balanced Health Care Delivery Assessment: The application must demonstrate how the proposed transaction will contribute to a more efficient delivery system, rebalancing institutionally based-care and community-based care to ensure that care is delivered in the most appropriate, least restrictive setting.
 - (e) Patient Discharge: What will be done to promote patient discharge to the least intensive setting, as well as decreased preventable hospitalizations, re-hospitalizations, non-emergent care in the Emergency Department, medical errors, etc.?
 - (f) Integration Plan Approval: Has the Integration Plan been discussed with and approved by the boards of the hospital? Please provide evidence that the Integration Plan has been discussed with provider groups and community members. Please document your response.
60. Please provide the names, addresses and phone numbers of professional consultants engaged in connection with the proposed conversion.
61. Please provide a copy of any agreement outlining the scope of services to be rendered by any consultant or expert engaged by the Transacting Parties in connection with the proposed transaction, including the cost thereof.

62. Please provide all studies, reports, analyses, and plans regarding: (a) integration or coordination of clinical programs and related administrative functions post conversion; and (b) the extent to which the clinical and administrative services provided by the Transacting Parties and their affiliate entities do and/or do not overlap and/or are complementary of one another.

I. QUALITY AND EFFICIENCY

63. Please provide the Corporate Compliance Program for each of the Transacting Parties.
64. Please identify for each of the Transacting Parties and their affiliates whether or not their JCAHO accreditation is currently in good standing. If not, then please discuss in detail the reasons and provide copy of the JCAHO survey.
65. Please provide all summary reports concerning patient satisfaction surveys for the Transacting Parties and/or its affiliates for the last 3 years.
66. Please describe how the Transacting Parties will make investments to expand supportive primary care in Rhode Island.
67. Please describe how the Transacting Parties will use capitalization, collaboration and partnerships with community health centers and private primary care practices to reduce inappropriate Emergency Department use.
68. Please provide an executive summary and document what efficiencies and/or inefficiencies were realized from any conversion, merger, affiliation, and/or consolidation involving any of the Transacting Parties and/or their affiliates since 1984, separately for each such transaction. Your discussion and documentation should include, but not be limited to, identification of efficiencies planned, whether efficiencies were realized or unrealized (including date) and resulting cost impact on the Transacting Parties and/or their affiliates.
69. Please provide any documents that indicate the efficiencies that are planned and/or projected from the proposed conversion of each of the Transacting Parties and/or their affiliates for a period starting with the Effective Date, running 5 years forward.
70. Please provide any and all documents referring or relating to determination of hospital efficiency for the Transacting Parties and their affiliates for the past 3 years that were provided to the board or senior management.

J. STAFF

71. Please provide a description of staffing levels of all categories of employees, including full-time, part-time, and contract employees currently working at, or providing services to, the existing hospital(s) and a description of any anticipated or proposed changes in current staffing levels, including, but not limited to, copies of plans relative to staffing during the first 3 years at the new hospital(s).
72. Please provide a copy of all union contracts and any written comments from any of the unions regarding the proposed conversion.

K. SERVICES

73. Please provide: (a) a list of all medical services, departments, clinical services, and administrative services that shall be maintained at the new hospital; and (b) a description of all departments, clinical, social, or other services or medical services (including emergency and primary care) that will be changed, eliminated, or significantly reduced at the new hospital and complete Appendix B.

APPENDIX A

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

All applicants must complete this Appendix.

Please answer the following questions by checking either “Yes” or “No.” If any of the questions are answered “Yes,” please list the names and addresses of individuals or corporations on an attached sheet (identify each answer with the appropriate number of the question). If yes, please provide details.

1. Will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, that have been convicted of a criminal offense related to the involvement of such persons or organizations in any of the programs established by Title XVIII, XIX of the Social Security Act?

Yes___ No___

2. Will there be any directors, officers, agents, or managers of the acquiror or acquiree who have ever been convicted of a felony offense or any other offenses related to their involvement in such programs established by Titles XVIII, XIX of the Social Security Act?

Yes___ No___

3. Are there (or will there be) any individuals employed by the acquiror or acquiree in a managerial, accounting, auditing, or similar capacity who were employed by the applicant’s fiscal intermediary within the past 12 months (Title XVIII providers only)?

Yes___ No___

4. Will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquiror? (Indirect ownership interest is ownership in any entity higher in a pyramid than the applicant.)

Yes___ No ___ (Note, if the applicant is a subsidiary of a “parent” corporation, the response is “Yes”)

5. Will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of the facility's assets) in a mortgage or other obligation secured by the facility?

Yes___ No___

6. Will there be any individuals (or organizations) that have an ownership or control interest of 5 percent or more in a subcontractor in which the acquiror or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes___ No___

7. Will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, who have been direct (or indirect) owners or employees of a health care facility against which sanctions (of any kind) were imposed by any governmental agency?

Yes___ No___

8. Will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquirer or acquiree, that have been convicted of a felony or any crime arising out of the delivery of any health care item or service?

Yes___ No___

APPENDIX B

ELIMINATION OR REDUCTION IN SERVICES

Please provide a written plan describing the proposed reduction or elimination that shall include, at a minimum, the following information:

1. Description of the services to be reduced or eliminated;
2. the proposed change(s) in hours of operation, if any;
3. the proposed change(s) in staffing, if any;
4. the documented length of time the services to be reduced or eliminated have been available at the facility;
5. the number of patients utilizing those services that are to be reduced or eliminated annually during the most recent 3 years;
6. aggregate data delineating the insurance status of the individuals served by the facility during the most recent 3 years;
7. data describing the insurance status of those individuals utilizing those services that are to be reduced or eliminated annually during the most recent 3 years;
8. the geographical area for which the facility provides services; and
9. identification and description, including supporting data and statistical analyses, of the impact of the proposed elimination or reduction on:
 - (a) access to health care services for traditionally underserved populations, including but not limited to, Medicaid, uninsured and underinsured patients, and racial and ethnic minority populations;
 - (b) the delivery of such services on the affected community in the cities and towns whose residents are regularly served by the hospital (the “affected” cities and towns);
 - (c) other licensed hospitals or health care providers in the affected community or cities and towns; and
 - (d) other licensed hospitals or health care providers in the state.

APPENDIX C

DEBT FINANCING

Acquirors contemplating the incurrence of a financial obligation for full or partial funding must complete and submit this appendix.

Name of Acquiror: _____

1. Describe the proposed debt by completing the following:
 - (a) type of debt contemplated;
 - (b) term (month or years);
 - (c) principal amount borrowed;
 - (d) probable interest rate;
 - (e) points, discounts, origination fees;
 - (f) likely security;
 - (g) disposition of property (if a lease is revoked);
 - (h) prepayment penalties or call features;
 - (i) front-end costs (e.g. underwriting spread;
 - (j) feasibility study, legal and printing expense;
 - (k) points, etc.); and
 - (l) debt service reserve fund.
2. Compare this method of financing with at least two alternative methods including tax-exempt bond or notes. The comparison should be framed in terms of availability, interest rate, term, equity participation, front-end costs, security, prepayment provision and other relevant considerations.
3. If this proposal involves refinancing of existing debt, please indicate the original principal, the current balance, the interest rate, the years remaining on the debt and a justification for the refinancing contemplated.
4. Present evidence justifying the refinancing in Question 3. Such evidence should show quantitatively that the net present cost of refinancing is less than that of the existing debt, or it should show that this project cannot be financed without refinancing existing debt.
5. If lease financing for this proposal is contemplated, please compare the advantages and disadvantages of a lease versus the option of purchase. Please make the comparison using the following criteria: term of lease, annual lease payments, salvage value of equipment at lease termination, purchase options, value of insurance and purchase options contained in the lease, discounted cash flows under both lease and purchase arrangements, and the discount rate.

6. Present a debt service schedule for the chosen method of financing, which clearly indicates the total amount borrowed and the total amount repaid per year. Of the amount repaid per year, the total dollars applied to principal and total dollars applied to interest must be shown.
7. Please include herewith, an annual analysis of your facility's cash flow for the period between approval of the application and the third year after full implementation of the proposed conversion.